

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer LANAI COMPANY, INC.
Address 1233 Fraser Avenue, P.O. Box 310, Lanai City, Hawaii 96763

Project Name(*): THE TERRACES, MANELE BAY - PHASE I
Address: Awehi Street, Lanai, Hawaii

Registration No. 3560

Effective date: January 27, 1997

Expiration date: February 27, 1998

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- ☐ PRELIMINARY (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
- ☐ FINAL (white) The developer has legally created a condominium and has filed complete information with the Commission.
☐ No prior reports have been issued.
☐ This report supersedes all prior public reports.
☐ This report must be read together with _____
- ☒ SUPPLEMENTARY: (pink) This report updates information contained in the:
☒ Preliminary Public Report dated: September 9, 1996
☐ Final Public Report dated: _____
☐ Supplementary Public Report dated: _____
- And ☐ Supersedes all prior public reports
☒ Must be read together with Preliminary Public Report dated September 9, 1996
☐ This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

- ☒ Required and attached to this report as Exhibit H.
☐ Not Required - disclosures covered in this report.

SUMMARY OF CHANGES FROM EARLIER PUBLIC REPORTS:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

- ☐ No prior reports have been issued by the developer.
☒ Changes made are as follows:

1. The real estate broker for the Project has been replaced and the real estate broker for the Project is now Okamoto Realty. A new page 5 that is included in this Supplementary Public Report replaces the page 5 that is included in the Preliminary Public Report.
2. The list of officers of the Developer has been updated on the new page 5 that is included in this Supplementary Public Report which replaces the page 5 that is included in the Preliminary Public Report.
3. The Type 3 apartment was eliminated by the Developer, and the apartment types for a number of apartments in the Project have been changed. Due to the elimination of the Type 3 apartment, the Type 4 apartment has been redesignated as a Type 3 apartment, the Type 4R apartment has been redesignated as a Type 3R apartment, the Type 6 apartment has been redesignated as a Type 4 apartment, the Type 6R apartment has been redesignated as a Type 4R apartment, and the Type 7 apartment has been redesignated as a Type 5 apartment. A new Exhibit A that is included in this Supplementary Public Report replaces the Exhibit A that is included in the Preliminary Public Report.
4. Due to the change in the apartment types referred to in item 1 above, the common interests of all of the apartments in the Project were recomputed. A new Exhibit F that is included in this Supplementary Public Report replaces the Exhibit F that is included in the Preliminary Public Report.
5. Due to the change in the apartment types referred to in item 1 above, the maintenance charges for each apartment in the Project were redetermined. A new Exhibit H that is included in this Supplementary Public Report replaces the Exhibit H that is included in the Preliminary Public Report.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Lanai Company, Inc. Phone: (808) 565-3000
Name (Business)
1233 Fraser Avenue, P.O. Box 310
Business Address
Lanai City, Hawaii 96763

Names of officers or general partners of developers who are corporations or partnerships:
See Page 5a

Real Estate
Broker: Okamoto Realty Phone: (808) 565-3000
Name (Business)
P.O. Box 949
Business Address
Lanai City, Hawaii 96763

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)
235 Queen Street
Business Address
Honolulu, Hawaii 96813

General
Contractor: Lanai Company, Inc. Phone: (808) 565-3000
Name (Business)
1233 Fraser Avenue, P.O. Box 310
Business Address
Lanai City, Hawaii 96763

Condominium
Managing
Agent: Chaney Brooks & Company Phone: (808) 667-9547
Name (Business)
666 Front Street
Business Address
Lahaina, Hawaii 96761

Attorney for
Developer: Goodsill Anderson Quinn & Stifel Phone: (808) 547-5600
(Gail O. Ayabe) (Business)
Name
1099 Alakea Street, 18th Floor
Business Address
Honolulu, Hawaii 96813

Names of officers or general partners of developers who are corporations or partnerships:

David H. Murdock	Chairman of the Board & President
Thomas C. Hoadley	Executive Vice President
Lynne Scott Safrit	Executive Vice President
Vince G. Bagoyo, Jr.	Vice President
Lawrence K. Kimball	Vice President & Treasurer
Jennifer Urquhart	Vice President
Robert F. Donovan	Vice President
Kevin R. Shaney	Vice President & Secretary
Ralph N. Masuda	Vice President
Bert T. Kido	Assistant Secretary
Edward C. Roohan	Assistant Secretary
Jeffrey S. Gilliam	Vice President & Assistant Secretary
Richard Topp	Vice President & Assistant Secretary

1. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - E) Condominium Map.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Manele Covenants; Declaration of Merger of Condominium Phases

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 3560 filed with the Real Estate Commission on June 6, 1996.

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☐ white paper stock

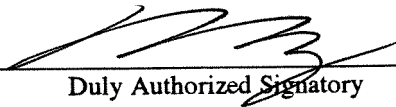
☒ pink paper stock

- B. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

LANAI COMPANY, INC.

Name of Developer

By: _____


Duly Authorized Signatory

Date

12/6/96

Kevin R. Shaney, Vice President & Secretary

print name & title of person signing above

Distribution:

Department of Finance, County of Maui
Planning Department, County of Maui
Federal Housing Administration

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE I

EXHIBIT A

APARTMENT DESCRIPTION

<u>Apt. Type</u>	<u>Quantity</u>	<u>Bedroom/ Bath</u>	<u>Approx. Net Living Area in Sq. Ft.</u>	<u>Approx. Net Balcony Area in Sq. Ft.</u>
1	1	1/2	1,564	--
1R	1	1/2	1,564	--
2	3	2/2½	1,972	--
3	1	2/2½	2,330	--
3R	1	2/2½	2,330	--
4	2	3/3	2,891	143
4R	2	3/3	2,891	143
5	1	3/3½	3,208	123

Total Apartments: 12

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE I

EXHIBIT F

COMMON INTERESTS AND LIMITED COMMON ELEMENTS

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Bldg. No.</u>	<u>Garage Area No.</u>	<u>Parking Stall No(s).</u>	<u>Driveway Area No.</u>	<u>Courtyard Area No.</u>	<u>Terrace Area No.</u>	<u>Trash Enclosure Area No.</u>	<u>Common Interest</u>
5A	2	5	G-5A	P-5A	D-5A	C-5A	T-5A	TE-5A	6.92513%
5B	1R	5	G-5B	P-5B	D-5B/5C	C-5B	T-5B	TE-5B	5.49234%
5C	3R	5	G-5C	P-5C	D-5B/5C	C-5C	T-5C	TE-5C	8.18233%
5D	4R	5	G-5D	P-5D	D-5D	C-5D	T-5D	TE-5D	10.15241%
6A	3	6	G-6A	P-6A	D-6A/6B	C-6A	T-6A	TE-6A	8.18233%
6B	4	6	G-6B	P-6B	D-6A/6B	C-6B	T-6B	TE-6B	10.15241%
6C	4R	6	G-6C	P-6C	D-6C/6D	C-6C	T-6C	TE-6C	10.15241%
6D	2	6	G-6D	P-6D	D-6C/6D	C-6D	T-6D	TE-6D	6.92513%
7A	4	7	G-7A	P-7A	D-7A/7B	C-7A	T-7A	TE-7A	10.15241%
7B	2	7	G-7B	P-7B	D-7A/7B	C-7B	T-7B	TE-7B	6.92513%
7C	1	7	G-7C	P-7C	D-7C/7D	C-7C	T-7C	TE-7C	5.49234%
7D	5	7	G-7D	P-7D	D-7C/7D	C-7D	T-7D	TE-7D	11.26563%

NOTE: All parking stalls are regular size.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE I

EXHIBIT H

DISCLOSURE ABSTRACT

1. (a) PROJECT: The Terraces, Manele Bay - Phase I
Manele Bay, Lanai, Hawaii
 - (b) DEVELOPER: Lanai Company, Inc.
1233 Fraser Avenue
Lanai City, Hawaii 96763
Telephone: (808) 565-3000
 - (c) PROJECT MANAGER: Chaney Brooks & Company
666 Front Street
Lahaina, Hawaii 96761
Telephone: (808) 667-9547
2. USE OF APARTMENTS:
 - (a) Number of Apartments in Project for Residential Use: 12
 - (b) Proposed Number of Apartments in Project for Hotel Use:
-0-
 - (c) Extent of Commercial or Other Nonresidential Development
in Project: None
3. WARRANTIES:

(a) Developer warrants that the Apartment is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein) and against any defects in equipment, material, or workmanship and materials of the Apartment resulting in noncompliance with standards of quality as measured by acceptable trade practices. This warranty shall continue for a period of one (1) year from the date of recordation of the conveyance of title to the original buyer of the Apartment. The Developer shall remedy, at the Developer's expense, any substantial nonconformity or such defects and shall restore any work damaged in fulfilling the terms and conditions of this warranty. Notwithstanding the generality of the foregoing, Developer's warranty shall not cover defects in any appliances

UPDATED: DECEMBER 1996

within the Apartment. All appliances within the Apartment shall be covered solely by the warranties of the respective manufacturers thereof and the warranty periods of such warranties may vary.

(b) Developer has contracted or will contract with a licensed soil treatment applicator (the "Applicator") for the pre-construction soil treatment process for the control of subterranean termites and the Developer will require the Applicator to warrant that if termite infestation should occur within three (3) years from the date of treatment of the building in which the Apartment is located, the Applicator will re-treat the soil under the building in which the Apartment is located using the standards in effect at the time of re-treatment. The Applicator shall further agree to repair all construction damage by subterranean termites within the one-year warranty period. Developer will transfer to Buyer any warranty from the Applicator. Developer further agrees without incurring any legal liability, to cooperate with Buyer to have the Applicator perform all warranties for which the Applicator is responsible. Buyer understands that the Developer does not promise that the Applicator will honor his warranties.

(c) Developer's obligations under the foregoing warranties are expressly conditioned on written notification by Buyer to Developer of substantial non-conformity, defects or ground termite infestation within the warranty periods set forth above.

(d) Developer warrants against defects in equipment, material, or workmanship and materials of the common elements of the Project resulting in noncompliance with standards of quality as measured by acceptable trade practices for a period of one (1) year from the date of original conveyance of title for the first apartment in the Project that is conveyed by Developer to one or more third parties other than the Developer and shall apply only to such instances of defects as to which the Association shall have given written notice to the Developer within said period of one (1) year.

4. BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:

Attached to this Disclosure Abstract as Exhibit "A" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by the Developer for the one-year period commencing December 1, 1996 and certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments.

Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of the Manele Bay Homeowners Association initiation assessment or the Manele Bay Homeowners Association dues or real property taxes and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

 * NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF *
 * MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY *
 * DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE *
 * CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL *
 * TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IM- *
 * PROVEMENTS AGE. MAINTENANCE CHARGES CAN VARY DEPENDING ON *
 * SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD EXAM- *
 * INE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES *
 * ARE INCLUDED IN THE SCHEDULE. *

5. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

The Developer will assume all the actual common expenses of the Project (and therefore an apartment owner will not be obligated for the payment of his respective share of the common expenses) until such time as the Developer files with the Real Estate Commission of the State of Hawaii an amended Disclosure Abstract which states that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment; provided, however, that such amended Disclosure Abstract shall be filed at least 30 days in advance with the Real Estate Commission, with a copy thereof being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the Developer. The Developer shall have no obligation to pay for any cash reserves or any other reserve amounts with respect to or attributable to the period during which the Developer assumes the actual common expenses of the Project.

6. SUBSIDY BY DEVELOPER OF COMMON EXPENSES FOR LIMITED PERIOD OF TIME:

If, on the date that each apartment owner shall be obligated to pay for his respective share of common expenses that is allocated to his apartment (the "Effective Date"), the Project has not been merged with The Terraces, Manele Bay - Phase II, the Developer shall subsidize a portion of the monthly common expenses for the Project (consisting of the estimated monthly water and sewer charges) for the period from the Effective Date to the earlier of: (a) the date that the Project is merged with The Terraces, Manele Bay - Phase II; or (b) two (2) years after the Effective Date. The estimated monthly maintenance charges for each apartment in the Project, with and without the Developer's subsidy, are shown on Exhibit "A".

7. MANELE BAY HOMEOWNERS ASSOCIATION DUES:

Each apartment owner will be required to be a member of the Manele Bay Homeowners Association. As such member, each apartment owner will be required to pay Manele Bay Homeowners Association an initiation assessment and monthly dues.

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am the Development Manager of Lanai Company, Inc., a Hawaii corporation, the Developer of The Terraces, Manele Bay - Phase I condominium project (the "Project").

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "A" attached hereto and hereby incorporated herein by reference, are reasonable estimates for the one-year period commencing December 1, 1996, based on generally accepted accounting principles.

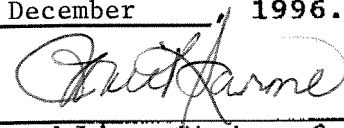
KMP
DATED: ^{Lanai City} ~~Honolulu~~, Hawaii, this 5th day of Decker, 1996.

State of Hawaii
County of Maui



RICHARD ALBRECHT
Development Manager

Subscribed and sworn to
before me this 5th day
of December, 1996.



Notary Public, State of Hawaii

My commission expires: 7/2/2000

EXHIBIT "A"

THE TERRACES, MANELE BAY - PHASE I

Estimated Annual Common Expenses

	<u>MONTHLY</u>	<u>ANNUAL</u>
<u>Utilities and Services</u>		
Electricity (common elements only)	\$ 83.00	\$ 996.00
Water and sewer	1,686.00	20,232.00
<u>Maintenance, Repairs and Supplies</u>		
Building	827.42	9,929.04
Grounds	1,874.83	22,497.96
<u>Management</u>		
Management fee	312.00	3,744.00
Office expenses	24.00	288.00
<u>Insurance</u>	4,000.00	48,000.00
<u>Reserves</u>	666.50	7,998.00
<u>Taxes and Government Assessments</u>	29.00	348.00
<u>Professional Services-Legal/Other</u>	133.33	1,599.96
<u>Audit and Tax Preparation</u>	<u>100.00</u>	<u>1,200.00</u>
 TOTAL DISBURSEMENTS	 \$ <u>9,736.08</u>	 \$ <u>116,832.96</u>

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT (WITH DEVELOPER'S SUBSIDY):

- (1) The estimated monthly maintenance charge for each Type 1 and 1R apartment is \$442.14 per month.
- (2) The estimated monthly maintenance charge for each Type 2 apartment is \$557.48 per month.
- (3) The estimated monthly maintenance charge for each Type 3 and 3R apartment is \$658.68 per month.

- (4) The estimated monthly maintenance charge for each Type 4 and 4R apartment is \$817.28 per month.
- (5) The estimated monthly maintenance charge for each Type 5 apartment is \$906.89 per month.

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT (WITHOUT DEVELOPER'S SUBSIDY):

- (1) The estimated monthly maintenance charge for each Type 1 and 1R apartment is \$534.74 per month.
- (2) The estimated monthly maintenance charge for each Type 2 apartment is \$674.24 per month.
- (3) The estimated monthly maintenance charge for each Type 3 and 3R apartment is \$796.64 per month.
- (4) The estimated monthly maintenance charge for each Type 4 and 4R apartment is \$988.45 per month.
- (5) The estimated monthly maintenance charge for each Type 5 apartment is \$1,096.83 per month.